

Medigap Insurance and Prescriptions



Senior Health Insurance
Information Program

Ask SHIIP

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Regional Program Manager

Q: I am considering different Medigap policies to supplement Medicare when I turn 65 in April. Should I buy a plan with prescription coverage? Won't Medicare cover prescriptions starting in 2006?

A: You are right. Starting in 2006 Medicare Prescription Drug Plans will provide insurance coverage for prescription drugs. Private companies will work with Medicare to offer these plans.

These plans will act both as a benefit, with Medicare picking up some of the cost, and as an insurance policy. The Prescription Drug Plans will have co-pays, deductibles, and premiums that you will be responsible for. Low-income individuals will receive additional assistance in paying the costs associated with the plans.

The question remains: should you buy a Medigap policy now with prescription coverage, or wait for the new Prescription

Drug Plans to be available January 1, 2006? You have several options to consider:

Choice #1: You could buy a Medigap H, I, or J policy with prescription coverage. After January 1, 2006, you could keep that policy with its limited 50% prescription coverage.

Some things to consider if you make this choice:

- Starting in 2006, insurance companies will not be allowed to sell Medigap insurance that includes prescription coverage. Since no new policies can be sold, this could lead to higher prices for these policies in the long term as the pool of individuals with this type of policy decreases.

- If you have an H, I, or J Medigap policy with prescription coverage, it is not equivalent to the coverage under the new Prescription Drug Plans. Because of this, if you do not sign up for a Prescription Drug Plan during open enrollment (November 15, 2005 – May 15, 2006), but later change your mind and enroll in a Prescription Drug Plan, you may have to pay a higher premium for your Prescription Drug Plan.

Choice #2: You could buy a Medigap H, I, or J policy with prescription coverage. If you enroll in a Medicare Prescription Drug Plan from November 15, 2005 through May 15, 2006, you will be

able to keep your current Medigap policy (Plan H, I, or J), but without the prescription drug coverage. You would also have the right to drop your current Medigap H, I, or J policy and buy a Medigap Plan A, B, C, F, K, or L at the best available rate from the same insurance company.

Choice #3: You could choose a Medigap policy (A – G) without prescription coverage and look into saving money for the rest of 2005 with a Medicare Approved Discount Drug Card. You can find out more information about these cards by calling 1-800-Medicare or talking to a SHIIP counselor at 1-800-452-4800. You can also visit www.medicare.gov. Starting November 15, 2005 you could sign up for a Prescription Drug Plan to start in 2006.

If you do decide to purchase a Medigap H, I, or J policy, you will receive a notice in the mail sometime between September 15 and November 15, 2005 from your Medigap insurance company describing your choices for prescription drug coverage.

Source: Medicare Publication CMS-02110 Draft copy 2005 Choosing a Medigap Policy

Address your questions to:

Ask SHIIP
311 W. Washington St, Ste. 300
Indianapolis, IN 46204
Or www.in.gov/idoi/shiip
1-800-452-4800
Ask for a free packet of
information on supplementing
Medicare

SHIIP is a free, unbiased counseling program provided by the Indiana State Department of Insurance. For assistance, call your local SHIIP site to make an appointment or call the state office at 1-800-452-4800 to obtain a list of local SHIIP sites.